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Subject: The Volta Project and the Current Political Situation in Ghana

Volta River Project Agreement

In response to an invitation from the Government of Ghana to participate in the signing of the Volta River Project Agreement in Accra on October 5, we informed that Government we would be unable to sign on that date. We indicated that financial and operational considerations make a final review in Accra of the project highly desirable before coming to a definitive decision on the agreements, and in that connection, that we plan to send a mission to Accra sometime in October.

Our willingness to sign on October 5, as proposed by Nkrumah, is based on the following considerations:

1. We do not wish thereby to give the impression we approve Nkrumah's recent foreign and domestic policy actions.

2. We do not wish thereby to discourage moderate elements in Ghana who are now contemplating parliamentary opposition to Nkrumah's policies. (Parliament was to have convened October 5; this date has been extended to October 10).

3. We have all along assumed that aiding this very important capital construct to Ghana would, of itself, ensure Nkrumah's basic association with the West, despite his avowedly neutralist posture. However, his statements and actions during the trip behind the Iron Curtain, as well as his actions since returning to Accra, suggest Nkrumah is determined to have his cake and eat it too — i.e., that he will accept our investment in the Volta and at the same time continue to serve by word and deed the interests of the Eastern Bloc at our expense.

A detailed analysis of our reasons for deferring our signing of the Volta project is given in a September 29 memorandum prepared for Assistant Secretary Williams. (See 2).

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Likewise, the background of Nkrumah's statements made in the Sino-Soviet bloc countries is transmitted herewith for your information in the form of a memorandum of September 12 prepared for Undersecretary Ball. (Tab C).

Ambassador Halm of Ghana personally delivered to the Department a letter dated September 29 from President Nkrumah to President Kennedy. This letter states that in view of your letter of June 29, 1961, he had assumed that the United States Government would definitely participate in the Volta River Project, subject to a ruling on its feasibility by the International Bank for Reconstruction and Development. He observes that having obtained this ruling from the IBRD, he, with the Bank's approval, awarded the contract for the dam at Akosombo, inasmuch as a whole year would have been lost if there had been any further delay. President Nkrumah states that work on the dam has now started, but that the contract can still be terminated if notice is given prior to Tuesday, October 17. He therefore requests that the mission we plan to send arrive in Ghana in sufficient time so that we can give him our definite decision no later than Friday, October 13, 1961. A copy of the letter from President Nkrumah is attached. (Tab A).

Recommendation

In view of President Nkrumah's request that he be informed of the United States Government's decision on participation in the Volta River Project by October 13, there are two replies that might be made:

1. The team will arrive on October 15. This date offers the possibility of meeting Nkrumah's October 17 deadline for cancelling the construction contract while still coming after Obetsebi's contemplated discussion with Nkrumah now scheduled for October 10 when Parliament opens.

2. The team will arrive around October 25. This date misses the cancellation deadline of October 17, but our Embassy has indicated that the contract setting the deadline can be renegotiated. However, it must be recognized that renegotiation is not simply a legal question but must be considered for its political significance as well.

Some thought has been given to changing the composition of the mission, i.e., to exclude Assistant Secretary Williams and replace include Assistant Secretary Martin or Deputy Assistant Secretary Kerr. This alternative would have the merit of emphasizing the financial — economic rather than political nature of the mission.

It is

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It is suggested that a reply to President Nkrumah be along the lines that the United States Government would like to send a mission to consist of an official from the Department of State's Economic Bureau; the Legal Adviser; and an official, or officials from the Development Loan Fund. They would arrive either on October 15 or after October 23.

Current Internal Political Situation

The internal situation in Ghana remains fluid. Nineteen days of strikes in various key cities of Ghana to express dissatisfaction with President Nkrumah's budget measures terminated on September 20. Since the strikers' demands for revision of the budget measures have not been met, discontent has not been dissipated but remains dormant. Reportedly the strikers have returned to work only because they ran out of funds, rather than because of President Nkrumah's admonitions.

Certain developments which have occurred since Nkrumah's return to Ghana appear ominous. General Alexander and other British officers seconded to the Ghanaian Army were removed from command positions by President Nkrumah on September 22, on the pretext, somewhat plausible, that their presence in such positions was embarrassing vis-a-vis the other members of the African High Command. President Nkrumah himself assumed Supreme Command of the armed forces and appointed Major General Otu to the post of Chief-of-Staff previously occupied by Alexander. Other Ghanaian officers were promoted, all those British officers who have decided to remain in Ghana merely have the status of an advisory mission. General Alexander reportedly has left, after stating that in his opinion Nkrumah has gone "round the bend," an opinion in which British Fiscal Adviser Sir Robert Jackson concurs. Jackson has told Nkrumah that he plans to resign in November. The President replied, "fine".

Our impression of Otu is that he is venal and unfit for high command. Reportedly he is not popular, does not have a following, and is unlikely to generate one. Other higher ranking officers in the Ghanaian Army appear to be loyal to Nkrumah. Nevertheless, they are reportedly dissatisfied with the growing influence of the left wing advisers, Afrifa, Tettegah and Fenteng, and with the plan to send cadets to the U.S.S.R. General Ankrah, who is reportedly loyal to Nkrumah, has been dragging his feet on the selection of candidates for Soviet training. Afrifa appears to be the next most powerful man to Nkrumah.

In September 22,

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On September 28, K. A. Gbedemah was removed from his position as Minister of Health. Earlier this year on May 9 he was relieved of his portfolio as Minister of Finance. Gbedemah, the most pro-Western influence in the Ghanaian government, has confided to the Embassy that he and some 15 other members of Parliament (out of a total of about 100) plan to form a new party ("Ghana National Party") when Parliament convenes about October 10, and face a showdown with Nkrumah not only on his domestic policies, but also on his drift toward the Bloc. (The opposition United Party issued a statement instantly September highly critical of domestic developments and of the Preventative Detention Act, under which between 300 and 400 opponents of the regime have been imprisoned.)

On September 28, along with Gbedemah, Agriculture Minister Kojo Botsio (the two with Chief Justice Sir Arku Korsah constituted the Presidential Commission formed to run Ghana during Nkrumah's Bloc trip), Development Secretariat Executive Director K. Ayeh-Kumi and several other officials of pro-West orientation were asked to resign their posts. At the same time the Minister of Interior (Inkumsah), the Minister of Works (Tawiah), the Minister of Transport and Communications (Ahmed), and the Minister of Defence (Asgraf-Ahlkan), along with the Commissioners of the Eastern and Central Regions (District governors) were requested to relinquish to the Government property holdings in excess of a stated amount, on the theory that holdings of public servants should be limited.

It is unlikely that efforts by Gbedemah and other dissident elements to overthrow Nkrumah will succeed without the support of the army and the police. The army is very much a question mark since the elimination of the British officers. This appears to be an opportunity. Whether dissatisfaction with the Soviet trend of officers (mostly under 40) (e.g., Ahlan) would be enough to upset the army's basic loyalty to Nkrumah remains to be seen. The police reportedly are loyal to the regime, but there have been indications that Madjitey, the Chief of Police, tends to side with the Gbedemah group. Gbedemah reportedly has support among his tribesmen, the Ewe, in Eastern Ghana, while Ahlan appears to have support among the important Ashanti tribes, centered at Kumasi. The unknown element in assessing these factors is whether anyone has sufficient courage, stature and popularity to lead an organized movement to unseat Nkrumah. Discontent exists in many quarters in Ghana, both inside and outside the Government. It is still questionable, however, whether it has reached a point where even a well-organized move against the Government could succeed unless supported by the army and police.

Opinion of

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Opinion of the Office of the Legal Adviser on United States Legal Commitment on the Volta River Project is attached (Tab D).

/s/ Walt Colby

L. D. Battle
Executive Secretary

Attachments:

Tab A - Letter from President Nkrumah dated September 29, 1961

Tab B - Memorandum to Assistant Secretary Williams dated September 29, 1961

Tab C - Memorandum to Undersecretary Ball dated September 18, 1961

Tab D - Memorandum on United States Legal Commitment dated September 25, 1961

Clearances:

AF - Mr. Fredericks C - Mr. Johnson E - Mr. Martin (draft)

L - Mr. Chayes (draft) B - Mr. Ball

AF:AFW:DDumont:EPadberg:CCelak/abs - 9/30/61

sent from 7:34